



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: July 29, 2013

Approved

Date

8/6/13

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR SHUTTLE BUS SERVICE
AT THE NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT**

RECOMMENDATION

Report on Request for Proposal (RFP) for Shuttle Bus Service at the Norman Y. Mineta San José International Airport and adopt a resolution authorizing the City Manager to:

- (a) Execute an agreement with Veolia Transportation Services, Inc. (Lombard, IL) to provide Airport Shuttle Bus Services, for an initial four year term ending August 31, 2017, with maximum compensation not to exceed \$3,861,541 for the period September 1, 2013 through August 31, 2014;
- (b) Adjust the maximum compensation annually consistent with the terms of the agreement, subject to changes in the Consumer Price Index (CPI), not to exceed 3% annually and subject to the appropriation of funds;
- (c) Execute amendments and change orders to the agreement to add or delete routes and schedules due to service requirements at the Airport, subject to the appropriation of funds; and
- (d) Execute up to six one-year options to extend the agreement, subject to the appropriation of funds.

OUTCOME

Provide transportation services between the terminals, the rental car facility, and parking lots at the Norman Y. Mineta San José International Airport. This service is offered to all patrons of the Airport, as well as Airport Staff.

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BACKGROUND

The shuttle bus service at the Airport provides free transportation to the public between the terminals, rental car center and parking facilities. Veolia Transportation Services, Inc. would be required to provide a turnkey service that includes operating, fueling, and cleaning the vehicles.

The current operator is ShuttlePort California LLC, a subsidiary of Veolia Transportation. ShuttlePort has been the Airport's shuttle bus operator since April 2000. The agreement with ShuttlePort expires on August 31, 2013.

The shuttle fleet includes ten compressed natural gas buses. The City leases the fleet and receives maintenance services from Penske Truck Leasing through a separate agreement.

ANALYSIS

On March 28, 2013, the Finance Department released a Request for Proposal (RFP) for Shuttle Bus Service at Norman Y. Mineta San José International Airport on the City's e-procurement system. Fifty-five companies viewed the RFP, and ten proposals were received by the May 7, 2013, deadline as follows:

- ABM Parking Services, Inc. (Los Angeles, CA)
- Bauer's Intelligent Transportation, Inc. (Santa Clara, CA)
- Corinthian Ground Transportation Services (Cupertino, CA)
- First Transit, Inc. (Cincinnati, OH)
- Keolis Transit Services, LLC (Los Angeles, CA)
- National Express Transit Services, Inc. (Cincinnati, OH)
- Servisair, LLC. (Houston, TX)
- Silverado Staged, Inc. (San Luis Obispo, CA)
- SP Plus Transportation (Cleveland, OH)
- Veolia Transportation Services, Inc. (Lombard, IL)

Evaluation Process:

Minimum Qualifications: The initial review consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that all proposals were complete. All proposals were deemed responsive and passed this phase.

Evaluation Team: A three-member evaluation team with representatives from the San José Aviation Department and AvAirPros Services, managers of the Airport's Rental Car Center, independently evaluated and scored the technical proposals.

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Technical and Experience (70%): This phase of the evaluation consisted of a thorough review of each company's written proposal for experience and capabilities.

Cost Proposals (25%): Cost proposals were opened and scored at the conclusion of the technical/experience evaluation.

Environmental Stewardship (5%): Proposers were required to address how they support the goals and objectives of the City's EP3 program.

Local and Small Business Preference: Local and small business preferences are prohibited in Airport concession agreements pursuant to FAA regulations.

Oral Presentations: Scores were tabulated to establish a short list of finalists that would be invited for oral presentations. The top three ranked proposers, ABM, SP Plus and Veolia, scoring 80 percent or higher, were invited to participate in the oral presentations.

The final scores of the three finalists are summarized in the table below:

<u>Evaluation Criteria</u>	<u>Max Pts.</u>	<u>ABM</u>	<u>SP Plus</u>	<u>Veolia</u>
Technical/Experience	70	57	56	65
EP3	5	4	5	5
Cost	<u>25</u>	<u>21</u>	<u>21</u>	<u>22</u>
TOTAL	100	82	82	92

Protests: Pursuant to City policy, the RFP process included a ten-day protest period. No protests were received.

Recommendation Summary: Staff recommends award of contract to Veolia Transportation Services, Inc. as the most advantageous solution for the City. Veolia's proposal is superior in the following key areas:

- Operating under their ShuttlePort brand, Veolia is the current airport shuttle bus operator and has conducted shuttle bus operations commendably and with a very good safety record.
- Veolia demonstrated a superior understanding of the Airport's shuttle bus requirements for scheduling and personnel staffing.
- Veolia's solution includes smart drive technology that provides real-time tracking of safety incidents which improves operator safety and reduces accident frequency and operating costs.
- Building on their previous training efforts, Veolia proposed additional driver training emphasizing safety and improved customer service.

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- Veolia's solution includes TransLoc GPS real-time information system that improves headway performance (the measurement of the distance or time between vehicles in a transit system) and customer satisfaction. This system monitors bus movements and service delivery and allows shuttle passengers to track in real-time the vehicle location and next shuttle arrival time via web, text or mobile applications.
- Veolia's cost proposal was the lowest of the finalist proposals and provides a reduction in cost to the Airport from their current Agreement. Cost savings are approximately 5% and 9% on the management and operation fees, respectively.

Wage Requirements: This agreement is subject to Prevailing Wage, Worker Retention and Labor Peace. Since Veolia is the incumbent, there will be no worker retention transition issues. The Office of Equality Assurance will monitor this contract to ensure compliance with the City's prevailing wage requirements.

Veolia currently operates under a collective bargaining agreement with Teamsters Local 665. Per City Policy, Veolia shall be required to pay wages pursuant to their collective bargaining agreement.

Summary of Agreement: Since Veolia is the incumbent, transition to the new agreement is expected to be seamless. Under the new agreement, Veolia will be introducing new technology to improve headway performance, customer satisfaction, and allow passengers to track real-time vehicle information and movements via web, text or mobile applications. In addition, Veolia is responsible for fueling, cleaning the interior and washing the exterior of shuttle buses, driver training and certification, and to provide reports to Airport staff on all shuttle bus activities.

The initial term of the agreement shall be four years with the option to extend the agreement for six additional one-year terms, for a total of ten years. Compensation rates shall be fixed for the initial twelve months of the agreement. All payments to contractor shall be paid monthly in arrears upon successful completion of work. Payments will be based on a fixed monthly management fee and basic hourly rate fee. The management fee is inclusive of all administrative, safety, management and dispatch staffing costs, fixed fleet insurance, corporate overhead and profit. The basic hourly rate is an operation rate that covers costs related to shuttle bus drivers, utility and supervisory staff, support vehicles, bus cleaning and operations related expenses and a nominal profit. Although the basic hourly rate is fixed, the total hours of operation are variable and will depend on the total annual number of hours of operation required. Compensation adjustments may be requested by the vendor on the one-year anniversary date of the agreement. Any price adjustments will follow the Consumer Price Index (CPI) for the Bay Area, but shall not exceed 3% annually.

Under the proposed agreement, Veolia is reducing the annual management fee from \$1,173,312 to \$1,108,644 and the basic hourly rate (based on 52,020 annual operating hours) from \$3,204,963 to \$2,752,898. In addition to these savings, Veolia is including TransLoc as a service enhancement at no additional cost to the City; a \$50,000 value.

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The Agreement includes a termination for convenience clause that allows the City to terminate the agreement at any time with thirty (30) days written notice.

EVALUATION AND FOLLOW-UP

No further action or follow-up is anticipated.

POLICY ALTERNATIVES

Alternative #1: Extend the existing agreement

Pros: Current services and service levels would continue

Cons: The City would not be able to take advantage of the TransLoc GPS technology and lower rates.

Reason for not recommending: The City would not realize service improvements or cost savings as a result of the competitive process. Annual cost savings are estimated 8% or \$336,733 based on 52,020 service hours per year.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 and will be posted on the Council Agenda for August 20, 2013.

COORDINATION

This memorandum has been coordinated with the Departments of Aviation, Public Works Office Equality Assurance, the City Manager's Budget Office and the City Attorney's Office.

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FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

The following outlines the elements of the contract.

1. AMOUNT OF RECOMMENDATION/CONTRACT:

Description**Cost**

Airport Shuttle Bus Service (First Year Contract)

\$3,861,541

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Description**Cost**

Management Fee

\$1,108,643

Operating Cost (based on \$52.92/hr x 4335 hours month)

\$2,752,898**TOTAL** (First year contract)**\$3,861,541**

3. SOURCE OF FUNDING: Airport Maintenance and Operation Fund (523) and Airport Customer Facility and Transportation Fee Fund (Fund 519)

4. FISCAL IMPACT: Funding is available in departmental annual appropriations.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Year one of Contract	2013-2014 Proposed Operating Budget (Page)	Last Budget Action (Date, Ord. No.)*
523	0802	Airport Non-Personal/ Equipment	405140	\$31,194,408	\$2,364,208	XI-3	6/18/13, 29271
519	0802	Airport Non-Personal/ Equipment	417140	\$2,376,911	\$1,497,333	XI-1	6/18/13, 29271
TOTAL (Year 1)					\$3,861,541		

*The 2013-2014 Proposed Operating Budget was approved by City Council on June 11, 2013 and adopted on June 18, 2013.

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CEQA

Not a Project, File No. PP10-066(e), services that involve no physical changes to the environment.

/s/

JULIA H. COOPER

Director of Finance

For questions please contact Mark Giovannetti, Purchasing Division Manager (408) 535-7052.